

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 AGR-20

SWF-02 FEA-02 INT-08 XMB-07 CIAE-00 INR-10 NSAE-00

DRC-01 /151 W

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R 162053Z APR 74

FM AMCONSUL WINNIPEG

TO SECSTATE WASHDC 1141

INFO AMEMBASSY OTTAWA

UNCLAS WINNIPEG 0126

E.O. 11652: N/A

TAGS: BEXP, XX

SUBJECT: FERTILIZER PLANT EXPANSION IN MANITOBA.

REF : STATE 055576

1. IN DISCUSSION WITH GENERAL MANAGER SIMPLOT CHEMICAL LTD.
OF BRANDON, HE DISCLOSED PARENT CORP. IN BOISE, IDAHO
ACTIVELY CONSIDERING EXPANDING PRESENT CAPACITY BRANDON PLANT.
DECISION WILL BE MADE WITHIN NEXT SIX WEEKS WHETHER TO DOUBLE
200,000 TON PER YEAR CAPACITY OR EVEN TRIPLE OUTPUT TO 900
TONS PER DAY.

2. DECISION COMPLICATED BY:

A. AWARENESS CYCLICAL NATURE DEMAND FOR FERTILIZER.

B. PRESENT BRANDON PLANT LOST MONEY DURING FIRST SIX
YEARS OF OPERATION.

C. KNOWLEDGE THAT COMPETITORS IN ALBERTA PARTICULARLY
IMPERIAL OIL AND CIMINCO PLANNING 5000 AND 9000 TON PER
DAY PLANTS IN LETHBRIDGE AREA.

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D. NEED FOR INCREASED GAS SUPPLY FROM ALBERTA SOURCES.

E. FREIGHT RATE DIFFERENTIAL WORKING AGAINST MANITOBA PLANTS.

F. FINANCING PROBLEMS IN OBTAINING ESTIMATED 20 MILLION DOLLARS PROBABLY FROM MANITOBA DEVELOPMENT CORPORATION WHICH LARGELY FINANCED PRESENT PLANT.

3. DECISION AS TO CENTRIFICAL VS PISTON TYPE OPERATION DEPENDENT ON ULTIMATE SIZE OF PLANT IF EXPANSION UNDERTAKEN. COMPRESSORS AND OTHER EQUIPMENT WOULD BE ORDERED FROM U.S. SOURCES ALTHOUGH CANADIAN MADE PARTS WOULD BE GIVEN PREFERENCE WHEN AVAILABLE.

4. ALONG WITH OTHER SIMPLOT OFFICIALS DECISION RE EXPANSION WILL BE MADE BY DALE DUNN, PRESIDENT, MINERAL-CHEMICAL DIVISION, SIMPLOT CORPORATION, BOISE, IDAHO.
KELLY

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